Gruenau, V E B (people-owned) Chemical Factory, Berlin-Gruenau, Regattastrasse 35.

This report consists of the following parts:

I. History.
II. Plant Organization and Political Organization.
III. Employees.
IV. Production Program.
V. Sales and Markets.
VI. Russian Deliveries.

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I. History.

The Gruenau firm was founded in 1880 (approximately) for the manufacture of intermediate products for the paint industry (e.g. naphtol for the Hoechst paint factory) by the chemists Landsdorff and Meyer.

After World War I a merger of the firm with the Balzer chemical factory took place, and production of pharmaceuticals, textile by-products, and construction by-products was started. A clash with the "Degussa" (German gold and silver separation plant, belonging to the I.C. Farben combine) occured when the firm made use of the chemist Dr. Arndt's patents on treatment of metal surfaces. Due to financial difficulties of the Gruenau chemical factory during the inflation, one-third of the Meyer family's stock ownership went into the hands of "Degussa". The Meyers left Germany after 1933 and "Degussa" obtained the balance of the Gruenau stocks.

Production was increased during World War II and the manufacture of uranium metal from pitch blende was started on a large scale. The factory employed over 1000 workers at that time. About 60 per cent of the factory was damaged by air attacks in spring 1945, and the surface treatment department and all the uranium installations as well as the company's own power plant were fully dismantled after the Red Army occupied Berlin.

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Sequestration of ~~the balance~~ what was left of the factory was carried through in 1946 by the district office - Bezirksamt - (property of combines); while in 1947 the DTV (German trusteeship administration for sequestrated and seized capital in the Soviet sector of Berlin, Berlin W 8, Franzoesische Strasse 47) took the factory over and appointed a trustee. The factory was officially expropriated on 2 Aug 1949 and declared a people-owned factory by a decision of the Ost-magistrat (Eastern Magistrate), but remained under DTV's administration. In summer 1949 the factory was taken from the Berlin administration and came under VVB-Pharma (association of people-owned pharmaceutical enterprises) as a zonal factory (all factories of great importance to the zone are not administered by the city of province, but are classified as zonal factories and are under direct supervision of the German Economic Commission). However, only part of the factory's production is really within the framework of VVB-Pharma. Presumably the incorporation into the pharmaceutical industry was done purposely in order to deceive outsiders about the real importance of the factory's products.

II. Plant Organization and Political Organization.

~~Leading personnel in the factory are the following:~~

Technical supervisor: Dr. Hintze, a chemist who has been working for the factory for many years. He is not a member of the SED, and only pro-forma the supervisor.

Employee relations: Hopp, a professional metal worker, is about 45 years old and has been working in the metal industry for over 25 years. He was appointed in August 1949 under pressure of the SED, because of political differences with the employees. Hopp, a long-time German Communist Party member is considered a strict follower of the "party line". He is not happy with this job and the employees object to him.

Business supervisor: On leave at present. No decision has been made as to who will replace him. Presumably someone will be appointed by the German Economic Commission or by VVB-Pharma.

The organization of the factory is along the same line as any normal production organization in a chemical plant (see chart 1) without any special characteristics. However, it is interesting to observe the unusually strong union and political influences in this enterprise. As far as the organization of the factory is concerned the actual leadership is in the hands of the BGL (Betriebsgewerkschaftsleitung - plant union leadership, responsible to the FDGB, which gives the necessary directives). The BGL personnel, in turn, is subordinate to the head of the work group (Betriebsgruppe) of the SED. This organizational set-up is shown in chart 2 and is not generally known in the plant, and the charts are in the hands of the head personnel of the factory, the BGL, and the SED work group. It is not in their interest to let this set-up be known to outsiders, since it is not desired that the so-called middle-class parties (FDP and CDU) should demand to have some influence, too. All incoming and outgoing mail, every directive of the plant leadership, all statistical data, every production plan, etc. must be shown to the BGL. As to the outgoing mail, the BGL marks only the copies remaining in the plant, so that it can remain in the background as far as outsiders are concerned.

In spite of great propaganda efforts only 60 per cent of the employees belonged to the FDGB in 1947. But strong personal pressure and individual disciplinary action, as well as special payments to FDGB members, persuaded all but nine of the plant employees to join the FDGB. These nine persons are experts, who have been with the firm for many years, and cannot be dispensed with for practical reasons.

The SED work group consisted of only 14 members in summer 1947. Propaganda and various kinds of personal measures, as well as preferential jobs in the middle and higher brackets, given to communists who follow the "party line", brought the number of members in this group to 48.

The following details can be added to chart 2 (political and social organization of the plant):

The Werksicherheitskommission (plant security commission) consists of 6 persons (SED-members) and was created because of increasing thefts (pri-

marily in the pharmaceutical department); it continuously carries out personal check-ups during working hours and at quitting time. The (Lohnkommission) wages commission is in a difficult situation. In accordance with a German Economic Commission directive at least 50 per cent of all workers - including those in the chemical industry - should be paid according to the production wage scale (Leistungslohn) by the end of 1949. But all technical and organizational prerequisites for this measure are lacking in this factory and for this reason all wages have been and are being paid on an hourly rate in all departments of the factory. Finally a 'T-A-N' office was introduced, which is charged with working out the basis for the introduction of a production wage scale (piece-work wages). The people responsible for this job are in a regrettable position; they talk about things without being able to change them. The (Sozialkommission) employee relations commission has introduced several good measures for the benefit of the employees, e.g., their own tailoring repair shop, shoemakers, etc. Since factory operations were very profitable from 1946 to 1948 (particularly in the cosmetics department and with some newly produced drugs) it was possible to spend sizeable amounts for the above-mentioned benefits.

III. Employees.

More than 1000 persons were employed in the plant when the war ended. At present the working force numbers close to 400; its composition can be seen from chart 3.

Chart 3

Working Force
Composition of ~~employees~~ in September 1949

	Males	Females	Total	
~~White-collar~~ workers, in leading positions	6	-	6	123 (31%)
office personnel	27	29	56	
technical personnel	42	19	61	
Workers, professionals	73	--	73	274 (69%)
job-trained workers	57	--	57	
workers, non-professional	44	90	134	
trainees	9	1	10	
Total	258	139	397	
in per cent	65	35	100	

The percentage of white-collar workers (31%) is unusually high (the average percentage for Germany was 18.5 % in 1936, 9 % technical and 9.5 % office personnel). This is partly due to overstaffing of administrative positions with reliable SED-members for political reasons (see section II), and also to poor exploitation of the plant's capacity, caused by material shortages and difficulties connected with the marketing of important products.

The greater part of the employees have been working in the plant for many years. Leading personnel of the factory complain that this has caused the over-aging of personnel, but they cannot get any - or at least very few - additional workers. An effort has been made for months to find two chemists with academic background, but to no avail. There are hardly any coopers for the barrel department available, and not even trainees can be found for this profession.

The plant employs 10 trainees at present and was told by the VVB and the German Economic Commission to institute a training shop for 80 trainees by the end of the year. However, the necessary instructors are not available for this program and the amount of money necessary for ~~xxxxxxxxxx~~ equipment has not yet been allotted.

IV. Production Program.

The plant area is quite large, but all the buildings are very old and ~~due to~~ because of the substantial bomb damage the impression one gets is a very unfavorable ~~one~~.

Only about 40 per cent of the buildings ~~were~~ have been repaired ~~until now~~ so far and these are dispersed all over the plant area. ~~xxxxxxxxxxxxxxxxxxxxxxxxxx~~ Stone barracks with wooden roofs were erected from ~~xxxxxx~~ ~~stone ruins~~ rubble at inaccessible places, making transportation more difficult than necessary, or than it would have been with timely and rationaly area planning. ~~xxxxxxxxxxxxxxxxxxx~~ Coal consumption is unusually high and naturally the effects of ~~these~~ this and other similar circumstances on the competitive position of the factory ~~is a~~ are very unfavorable, ~~one~~.

The production program includes:

1. Heavy chemicals,
2. a) pharmaceuticals and b) cosmetics,
3. Basic materials for washing ~~materials~~ agents,
4. By-products for the textile industry, and
5. By-products for the construction industry.

1. Heavy chemicals (1st main branch of production).

Production consists of borax, boric acid, bromide ~~of~~ potassium, sodium bromide ~~of natrium~~, potassium iodate, and similar products. The most important product is boric acid, required for the manufacture of bleaching and cleaning materials ("Persil"), Jena glass, glazing for porcelain and pottery, boric ointment, precious stone synthesis, and electrolytic condensers.

For the last two requirements ~~xxxxxxxxx~~ the boric acid must be of extreme

purity, and since this factory is the only one that can supply boric acid of a quality adequate for the production of electrolytic condensers, it is of extreme importance for the Soviet Zone. A detailed description of the production process follows and can also be seen from sketch 4.

Description of the process for the production of boric acid (high purity).

The raw material, known as boracite, is transported by rail from the vicinity of Strassfurt to Berlin and then hauled to the factory in trucks. A precise qualitative and quantitative analysis is made in the No. 1 laboratory at the arrival of every delivery. At first, the boracite, which is delivered in large pieces, passes through a crusher where it is broken into fist-size pieces. Then a conveyor belt carries it to the pebble mill where it is crushed into powder form. The powder then goes to the first mixing trough. There a solvent and concetrated sulphuric acid are added and the mixture is heated to about 95° (centigrade) by blowing in steam. The timing for every solvent and acid charge is given separately by the laboratory, depending on the amount of foreign matter ascertained by the laboratory's analysis; there is the danger of frothing over during the mixing process if the carbonic acid content is too high. The capacity of the first mixing trough is 7 cubic meters. After solution is complete, sulphuric acid is added until the mixture shows a weak acid reaction.

A through mixing process is carried on in the second mixing trough and at the same time the temperature is lowered to 40° (centigrade). When this temperature has been reached, compressed air drives the solution to the filter press; the solution passes through it, is thoroughly cleaned of floating particles, and is brought to the cold-mixing trough, where the temperature is brought down to 10 - 15° (centigrade) during the mixing process. The boric acid crystallizes out at this stage. The residue in the filter press is quantitatively analysed and if the H_3BO_3-content is over 4 per cent it goes

again through the washing process. The solution then goes from the cold mixing trough to a suction filter, where the solvent flows off to be re-used in the first mixing trough. The boric acid remaining in the suction filter is predried in a centrifuge and becomes the so-called raw boric acid, with a 90 - 92 per cent H_3BO_3 purity. At this stage every charge is again analysed in order to obtain the details necessary to decide further processing.

In order to dissolve the raw boric acid, distilled water and steam are added in the condensing trough again followed by cold-stirring for crystallizing out, after which the solution is brought to another suction filter. The solvent which flows off at this point cannot be used and is piped off. The crystalline residue is again pre-dried in a centrifuge and analysed. If the purity is still inadequate the solution has to go through another crystallizing process. The crystals, pre-dried in the centrifuge, are spread thinly over cloth screens and sent through a maximum tunnel dryer, cased in stoneware. The tunnel temperature is 70° (centigrades); if the temperature is higher the boric acid first turns yellowish and then quickly turns brown. The now highly pure and dried boric acid is again granulated through a sieve and then poured into barrels.

Production of boric acid is actually the only branch of production carried on continuously because material shortages are comparatively rare, even though the supply of sulphuric acid is often quite tight.

2a Pharmaceuticals (2nd main branch of production)

Production facilities and laboratories are dispersed in the area and the impression one gets from the whole plant is not one of a manufacturing enterprise, but of a large laboratory with a series of analysing departments. Material shortages are very great and, as far as concerned, only small amounts are produced at any one time. Cleanliness and carefulness prevail, but the space arrangements are cluttered and the production is terrible. The department head (pharmacist Kroll) is an elderly gentleman, who apparently purposely lets a certain disarrangement prevail so that it would be difficult to replace him and so that nobody can tell him what to do. The usual pro-

duction progeam includes the following:

Agrenal	A powder ~~against~~ for treatment of gastric catarrh, intestinal troubles, ulcers, heartburn, and similar ailments.
Helpin and Arsen-Helpin	Tonic for intramuscular injections (~~ampullas~~ ampoules).
Bigrol	A bismuth-oil suspension ~~against~~ for treatment of angina and syphilis.
Colsil	Tablets against radiotoxemia.
Fibrex	Anti-neuralgic tablets.
Eugliesin	Mild laxative in tablet form.
Neuspiran	Circulation tonic in form of ~~ampullas~~ ampoules.
Ossimol	~~Against~~ For rheumatism.
Siofor	Disinfectant for mouth and throat in form of tablets.
Titretta analgica	~~Pain deadening~~ Analgesic tablets.
Tugrilin	~~Solution against~~ Cough syrup
Vioxan	Tablets ~~against~~ for infected intestinal catarrh.
Infegrol	Room disinfectant.
Pangrol	High-grade disinfectant.

Bottling and packaging of medications is carried through in a very primitive manner, ~~namely~~ by hand, and there is a lack of any sensible division of labor which could improve the productivity of the workers. Two automatic presses and one hand-operated press are available in the tablet-pressing department (which is very neatly equipped); this department is housed in a large hall, wasting expensive space~~, which is expensive~~. The work conducted is not rational and the whole system is cut out more like a laboratory than a factory. Disinfectants are produced in a special building because of the strong odor of the materials they process (cresol).

2b The cosmetics department has been installed ~~after~~ since 1945 and is located in a newly erected barrack, ~~made from stone ruins~~ built of rubble, slightly ~~off~~ aside from the main plant area. Up to 100 persons (mostly women) worked in this department until June 1948, the time of the currency reform. Now the department is almost

completely shut down due to the difficulty in marketing their products. Every now and then they produce some skin cream (against sunburn), boric ointment (which actually belongs to the pharmaceutical department, but is produced here because of the availability of the ointment stirring machines), tooth paste, and shampoo, with ten women doing the bottling and packaging. Production of good perfumes would be possible, but cannot be carried out for price reasons. Aromatic materials (~~etheric~~ oils) would have to be imported from France at a price of about 1200 Eastmarks per kilogram.

3. Basic materials for washing ~~materials~~ agents.

This department's main job is to further process raw boric acid. Work is carried on at 25 per cent of capacity.

4. By-products for the textile industry.

Various types of dressing and finishing materials for the spinning and weaving industry are produced, mainly from albumen solvents. Great amounts of animal intestines (~~as far as they cannot be used~~ not suitable for use in the food industry, e.g., sausages), slaughter and waste materials from the leather industry, are being processed. (Should this processing work be of any special interest, I am willing to furnish more detailed information in a later report.) Generally speaking, this production process does not differ from known processes along that line.

5. By-products for the construction industry.

Main products in this department are additives for cement and concrete, which hasten or shorten the binding process. Since, in my opinion, there is nothing to add to this process I will not go into it any further. (A special report on it will be furnished upon request.)

V. Sales and Markets.

Sales in 1948 amounted to 63 per cent of the 1936 sales. However, one

must allow for the fact that in 1948 the sales of cosmetics played an important part since prices were unusually high in this department. The actual comparative value is between 35 and 40 per cent. The firms world export market was substantial (more than 40 per cent of its production was exported) and ~~their~~ its products were exported as far as Asia and South America. The Scandinavian countries, the Balkans, and Switzerland were ~~their~~ its main customers in Europe.

Some additional export agreements have just been concluded, ~~at present~~, but they are unfavorable as far as prices are concerned and otherwise. ~~Xxx~~ A large order of various heavy chemicals was shipped to Sweden recently, but the quality of the shipment was objected to after its arrival. A price reduction had to be granted ~~on~~ several items, and a large quantity of sodium bromide ~~of natrium~~ is being returned. The VVB-Pharma accused the plant leadership ~~with~~ of sabotage, and they in turn blamed ~~it on~~ the workers. A correct explanation will be possible only after the goods are returned to the factory. Otherwise there are no marketing difficulties encountered as far as heavy chemicals are concerned, ~~particularly~~ and boric acid in particular is produced and sold in large quantities. On the other hand the bromide and iodine inventories are being ~~worked off~~ used up, and the danger exists that ~~xxxx~~ individual departments will have to shut down. This, however, is opposed by the VVB/s directive to increase production to 80 per cent of the 1936 value by the end of 1950.

The pharmaceutical department is working at 60 per cent of capacity. Even though the inventory stock has reached the ~~value~~ equivalent of two months of production, no serious marketing difficulties are expected. Competition from Western Germany and the lack of interzonal trade is being felt to a great degree, particularly ~~as~~ since the medical preparations coming ~~xxx~~ into the zone via Berlin are qualitatively very good and sometimes even better than the Gruenau products.

VI. Russian Deliveries.

After the dismantling of the surface treatment department and the uranium production installation, the Soviet Military Administration ~~left~~ permitted the factory ~~to~~ continue its production with hardly any ~~disturbance~~ interference. No Soviet plant officer was appointed and there are only very few reparation orders on hand at present, e.g.,

for small amounts of highly pure boric acid. On the other hand heavy demands were made by the pharmaceutical department of occupation troops. Until a few weeks ago a Russian Major, named Cheryakov, from a Medical unit of an army group which seems to be stationed in Mecklenburg - appeared frequently. Special medications had to be developed in a hurry (the Russians are almost always in a hurry whenever they want something). (laxatives, anti-worm remedies, a strong ointment against a certain skin disease, etc.) It was never possible to find out where the Major was stationed or where the deliveries went. While work was carried on to fill the orders given by the major, he appeared at the factory almost every week, and he ordered his mail sent to his District Kommandatura; However, he himself was never seen there. Whenever deliveries were ready he came with his car and one or two trucks, had the goods loaded, paid in cash, and left.

In addition, standard medications were bought regularly for cash by Red Army units, regularly. These seemed to be medical regular supplies for the occupation troops.

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